

FEDERAL GRAIN, LIMITED

Eighth Annual Report of the Directors

YEAR ENDED 31st JULY, 1937

TO THE SHAREHOLDERS:

Your Directors present herewith Financial Statements of the Company for the year ended 31st July, 1937, including the Balance Sheet certified by your Auditors, Messrs. George A. Touche & Co.

Statement of Income and Expenditure shows that after meeting expense of operations and providing depreciation of \$110,113.06, bond interest and premiums of \$204,177.75 and making allowance for other charges, loss for the year amounted to \$84,610.78. This amount has been transferred to the Surplus Account, reducing the balance carried forward to \$391,437.24. Depreciation Reserve which now stands at \$2,227,694.88 was, as shown, increased during the year by only \$110,113.06.

Cash at Banks, in transit and with paying agents amounts to \$1,538,889.09 and Current Assets exceed Current Liabilities by \$1,385,401.58.

In accordance with Sinking Fund provisions \$129,000.00 par value First Mortgage Bonds were redeemed at a cost of \$126,022.50 to the Company.

Properties and equipment have been maintained in good repair. Essential improvements were made where considered advisable.

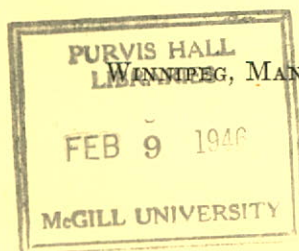
Grain marketed during the year under review was approximately 20% less than the volume handled in the preceding year. Drought conditions continue to prevail over large areas and the crop to be harvested will be even smaller than last year.

Your Directors desire to express appreciation of the loyal and efficient services rendered by all Country Elevator Agents, Employees, Managers and Officers of the Company.

On behalf of the Board of Directors,

H. E. SELLERS,

President.



FEDERAL GRAIN

BALANCE SHEET

ASSETS

CURRENT ASSETS:

CASH at Banks, less Outstanding Cheques.....	\$1,486,891.02
CASH in transit and with Paying Agents, etc.....	51,998.07

ACCOUNTS RECEIVABLE:

Department of Agriculture, Regina.....	\$34,157.18	
General Accounts.....	21,063.93	
Lake Shippers' Clearance Association.....	476.27	
Agents' Cottage Loans.....	2,636.25	
Employees' Accounts.....	744.76	
		59,078.39
ADVANCES SECURED BY GRAIN.....		15,436.63

STOCKS ON HAND, AS CERTIFIED BY RESPONSIBLE OFFICIALS:

Grain, less Stored Grain: valued on the basis of market quotations of 31st July, 1937, country stocks adjusted for freight, handling and carrying charges.....	\$65,392.51	
Coal, at the lower of cost or market value.....	10,698.03	
Feed Grain, at market value.....	1,956.36	
		78,046.90

ACCRUED EARNINGS.....

8,195.81

PREPAID EXPENSES.....

41,357.40

\$1,741,004.22

INVESTMENTS:

Sundry Stocks at book values.....	53,194.55
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BONDS OF THE COMPANY purchased in anticipation of Sinking Fund

Par \$104,500.00—cost.....	103,570.00
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MEMBERSHIPS, AT COST.....

86,001.00

PROPERTIES:

Terminal and Country Elevators, Coal Sheds, Dwellings, Flour Sheds, Automobiles, Furniture and Miscellaneous Equipment, at cost.....	\$8,737,750.80	
Less Reserve for Depreciation.....	2,227,694.88	
		6,510,055.92

DEFERRED CHARGES:

Organization Expenses, less proportion written off.....	15,000.00
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\$8,508,825.69

AUDITORS

To the Shareholders:

Federal Grain, Limited,
Winnipeg, Manitoba.

We have examined the foregoing Balance Sheet of Federal Grain, Limited, with the books and vouchers.

We further report that in our opinion the Balance Sheet is properly drawn up so as to exhibit a true and
explanations given to us, and as shown by the books of the Company.

Winnipeg, 7th September, 1937.

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STATEMENT I

AT 31st JULY, 1937

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:		
Sundry Creditors.....		\$331,415.17
Accrued Taxes.....		24,187.47
		<u>\$355,602.64</u>
FIRST MORTGAGE SINKING FUND GOLD BONDS:		
Authorized.....	\$6,000,000.00	
Issued, Series A 6%, maturing 1st August, 1949.....	\$4,250,000.00	
Less Redeemed through Sinking Fund.....	855,000.00	
		<u>3,395,000.00</u>
BOND REDEMPTION RESERVE.....		116,785.81
CAPITAL:		
Authorized—		
40,000 6½% Cumulative Preference Shares of \$100.00 each, redeemable at the option of the Company.....		
160,000 Class A Common Shares of No Par Value.....		
40,000 Class B Common Shares of No Par Value.....		
Issued and fully paid—		
30,000 Preference Shares.....	\$3,000,000.00	
200,000 Common Shares		
Amount apportioned as Capital.....	1,250,000.00	
		<u>4,250,000.00</u>
DISTRIBUTABLE SURPLUS, balance at 31st July, 1936.....	\$457,500.00	
EARNED SURPLUS, balance at 31st July, 1936.....	18,548.02	
		<u>\$476,048.02</u>
Deduct Loss for the year ended 31st July, 1937, per Statement II.....	84,610.78	
		<u>391,437.24</u>
Balance at 31st July, 1937, being DISTRIBUTABLE SURPLUS.....		
Cumulative Preference Dividends not paid since 1st February, 1931		

Approved on behalf of the Board,

H. E. SELLERS, *Director*

T. H. RATHJEN, *Director*

\$8,508,825.69

REPORT

relating thereto, and we report that we have obtained all the information and explanations we have required.
correct view of the state of the Company's affairs at 31st July, 1937, according to the best of our information and the

GEORGE A. TOUCHE & CO.,

*Chartered Accountants,
Auditors.*

Federal Grain, Limited

STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended, 31st July, 1937

Income from the Company's operations after providing for Depreciation on Properties and Equipment, but before taking into account the items shown below.....	\$166,633.48
Income from Investments.....	46,429.61
	<u>\$213,063.09</u>
Less: Bond Interest.....	\$203,700.00
Bond Interest Premiums.....	477.75
Executive Salaries.....	44,780.00
Directors' Fees.....	1,250.00
Legal Fees.....	1,217.70
	<u>251,425.45</u>
Operating Loss.....	\$ 38,362.36
Add: Proportion of organization expenses written off.....	\$5,000.00
Loss on wrecking and rebuilding elevators, etc. (net).....	1,248.42
Provision for moving elevators.....	40,000.00
	<u>46,248.42</u>
Loss for the year.....	<u>\$ 84,610.78</u>
<i>Note: The provision made for Depreciation of Properties and Equipment amounted to \$110,113.06, computed at modified rates.</i>	

DIRECTORS

H. E. SELLERS, *President and Managing Director.*

A. THOMSON, *Vice-President.*

H. J. SYMINGTON

A. H. WILLIAMSON

W. A. ANDERSON

T. H. RATHJEN

F. E. TOPPER

V. W. TRYON

H. V. HUDSON

Secretary: E. W. NEVILLE

Treasurer: T. H. RATHJEN

Asst. Treasurer: R. C. GAGE

Registrar - - - - - THE ROYAL TRUST COMPANY, Toronto, Montreal and Winnipeg.

Transfer Agents - - - { THE MONTREAL TRUST COMPANY, Toronto and Montreal;
THE NORTHERN TRUSTS Co., Winnipeg.

Auditors - - - - - GEORGE A. TOUCHE & Co.

Solicitors - - - - - HUDSON, ORMOND, SPICE, SWIFT & McLEOD.